



General Assembly

January Session, 2007

Committee Bill No. 5222

LCO No. 3632

* _____HB05222HSGPD_030607_____*

Referred to Committee on Select Committee on Housing

Introduced by:
(HSG)

**AN ACT CONCERNING FORECLOSURE PROTECTION FOR
HOMEOWNERS.**

Be it enacted by the Senate and House of Representatives in General
Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2007*) As used in this section
2 and sections 2 to 8, inclusive, of this act:

3 (1) "Foreclosure consultant" means a person who:

4 (A) Solicits or contacts a homeowner in writing, in person or
5 through any electronic or telecommunications medium and directly or
6 indirectly makes a representation or offer to perform any service that
7 the person represents shall: (i) Stop, enjoin, delay, void, set aside,
8 annul, stay or postpone a foreclosure sale; (ii) obtain forbearance from
9 any servicer, beneficiary or mortgagee; (iii) assist the homeowner to
10 exercise a right of reinstatement provided in the loan documents or to
11 refinance a loan that is in foreclosure and for which notice of
12 foreclosure proceedings has been published; (iv) obtain an extension of
13 the period within which the homeowner may reinstate the
14 homeowner's obligation or extend the deadline to object to a
15 ratification; (v) obtain a waiver of an acceleration clause contained in

16 any promissory note or contract secured by a mortgage on a residence
17 in foreclosure or contained in the mortgage; (vi) assist the homeowner
18 to obtain a loan or advance of funds; (vii) avoid or ameliorate the
19 impairment of the homeowner's credit resulting from the filing of an
20 order to docket or a petition to foreclose or the conduct of a foreclosure
21 sale; (viii) save the homeowner's residence from foreclosure; (ix)
22 purchase or obtain an option to purchase the homeowner's residence
23 not more than twenty days after an advertised or docketed foreclosure
24 sale; (x) arrange for the homeowner to become a lessee or renter
25 entitled to continue to reside in the homeowner's residence; (xi)
26 arrange for the homeowner to have an option to repurchase the
27 homeowner's residence; or (xii) engage in any documentation, grant,
28 conveyance, sale, lease, trust or gift by which the homeowner clogs the
29 homeowner's equity of redemption in the homeowner's residence; or

30 (B) Systematically contacts owners of property that court records or
31 newspaper advertisements show are in foreclosure or in danger of
32 foreclosure.

33 (2) "Foreclosure consulting contract" means a written, oral or
34 equitable agreement between a foreclosure consultant and a
35 homeowner for the provision of any foreclosure consulting service or
36 foreclosure reconveyance.

37 (3) "Foreclosure consulting service" means services that provide for:
38 (A) Receiving money for the purpose of distributing it to creditors in
39 payment or partial payment of any obligation secured by a lien on a
40 residence in foreclosure; (B) contacting creditors on behalf of a
41 homeowner; (C) arranging or attempting to arrange for an extension of
42 the period within which a homeowner may cure the homeowner's
43 default and reinstate the homeowner's obligation; (D) arranging or
44 attempting to arrange for any delay or postponement of the sale of a
45 residence in foreclosure; (E) arranging or facilitating the purchase of a
46 homeowner's equity of redemption or legal or equitable title not later
47 than twenty days after an advertised or docketed foreclosure sale; (F)
48 arranging or facilitating any transaction through which a homeowner

49 will become a lessee, optionee, life tenant, partial homeowner or
50 vested or contingent remainderman of the homeowner's residence; (G)
51 arranging or facilitating the sale of a homeowner's residence or the
52 transfer of legal title, in any form, to another party as an alternative to
53 foreclosure; (H) arranging for a homeowner to have an option to
54 repurchase the homeowner's residence after a sale or transfer; (I)
55 arranging for or facilitating a homeowner remaining in the
56 homeowner's residence as a tenant, renter or lessee; or (J) arranging or
57 facilitating any other grant, conveyance, sale, lease, trust or gift by
58 which a homeowner clogs the homeowner's equity of redemption in
59 the homeowner's residence.

60 (4) "Foreclosure purchaser" means a person who acquires title or
61 possession of a deed or other document to a residence in foreclosure as
62 a result of a foreclosure reconveyance.

63 (5) "Foreclosure reconveyance" means a transaction involving: (A)
64 The transfer of title to real property by a homeowner during or
65 incident to a proposed foreclosure proceeding, either by transfer of
66 interest from the homeowner to another party or by creation of a
67 mortgage, trust or other lien or encumbrance during the foreclosure
68 process that allows the acquirer to obtain legal or equitable title to all
69 or part of the property; and (B) the subsequent conveyance, or promise
70 of a subsequent conveyance, of an interest back to the homeowner by
71 the acquirer or a person acting in participation with the acquirer that
72 allows the homeowner to possess the real property following the
73 completion of the foreclosure proceeding, including an interest in a
74 contract for deed, purchase agreement, land installment sale, contract
75 for sale, option to purchase, lease, trust or other contractual
76 arrangement.

77 (6) "Foreclosure surplus acquisition" means a transaction involving
78 the transfer, sale or assignment of the surplus remaining and due the
79 homeowner based on the audit account during a foreclosure
80 proceeding.

81 (7) "Foreclosure surplus purchaser" means a person who acts as the
82 acquirer by assignment, purchase, grant or conveyance of the surplus
83 resulting from a foreclosure sale and includes a person who acts in
84 joint venture or joint enterprise with one or more acquirers.

85 (8) "Homeowner" means the record owner of a residence in
86 foreclosure.

87 (9) "Residence in foreclosure" means residential real property
88 consisting of not more than four single-family dwelling units, one of
89 which is occupied by the owner as the individual's principal place of
90 residence, and against which an order to docket or a petition to
91 foreclose has been filed.

92 Sec. 2. (NEW) (*Effective October 1, 2007*) (a) Except as provided in
93 subsection (b) of this section, the provisions of this section and sections
94 3 to 8, inclusive, of this act shall not apply to: (1) An individual
95 admitted to practice law in the state, while performing any activity
96 related to the individual's regular practice of law; (2) a person who
97 holds or is owed an obligation secured by a lien on any residence in
98 foreclosure while the person performs services in connection with the
99 obligation or lien, if the obligation or lien did not arise as a result of a
100 foreclosure reconveyance; (3) a person doing business under any law
101 of this state or the United States regulating banks, trust companies,
102 savings and loan associations, credit unions or insurance companies,
103 while the person performs services as a part of the person's normal
104 business activities; (4) any subsidiary, affiliate or agent of such person,
105 while the subsidiary, affiliate or agent performs services as a part of
106 the subsidiary's, affiliate's or agent's normal business activities; (5) a
107 judgment creditor of the homeowner, if the judgment creditor's claim
108 accrued before the written notice of foreclosure sale is sent; (6) a title
109 insurer authorized to conduct business in the state, while performing
110 title insurance and settlement services; (7) a title insurance producer
111 licensed in the state, while performing services in accordance with
112 such person's license; (8) a person licensed as a mortgage broker or
113 mortgage lender under sections 36a-485 to 36a-498a, inclusive, of the

114 general statutes, while acting under the authority of such license; (9) a
115 person licensed as a real estate broker, associate real estate broker or
116 real estate salesperson under section 20-312 of the general statutes
117 while such person engages in any activity for which the person is
118 licensed as long as any conveyance or transfer of deed, title or
119 establishment of equitable interest is done through a settlement, as
120 defined in subdivision (5) of subsection (a) of section 6 of this act; or
121 (10) a nonprofit organization that solely offers counseling or advice to
122 homeowners in foreclosure or loan default, if the organization is not
123 directly or indirectly related to and does not contract for services with
124 for-profit lenders or foreclosure purchasers.

125 (b) The provisions of sections 2 to 8, inclusive, of this act shall not
126 apply to a person who is functioning in a position listed under
127 subsection (a) of this section or is engaging in activities or providing
128 services designed or intended to transfer title to a residence in
129 foreclosure directly or indirectly to that individual, or an agent or
130 affiliate of that individual.

131 Sec. 3. (NEW) (*Effective October 1, 2007*) (a) A foreclosure consulting
132 contract shall (1) be provided to the homeowner for review before
133 signing; (2) be printed in at least twelve-point type and written in the
134 same language that is used by the homeowner and was used in
135 discussions with the foreclosure consultant to describe the consultant's
136 services or to negotiate the contract; (3) fully disclose the exact nature
137 of the foreclosure consulting services to be provided, including any
138 foreclosure reconveyance that may be involved and the total amount
139 and terms of any compensation to be received by the foreclosure
140 consultant or anyone working in association with the consultant; (4) be
141 dated and personally signed by the homeowner and the foreclosure
142 consultant and be witnessed and acknowledged by a notary public
143 appointed and commissioned by the state; and (5) contain the
144 following notice, printed in at least fourteen-point boldface type,
145 completed with the name of the foreclosure consultant and located in
146 immediate proximity to the space reserved for the homeowner's

147 signature:

148 "NOTICE REQUIRED BY CONNECTICUT LAW

149 (Name) or anyone working for him or her CANNOT ask you to
150 sign or have you sign any lien, mortgage or deed as part of signing this
151 agreement unless the terms of the transfer are specified in this
152 document and you are given a separate explanation of the precise
153 nature of the transaction.

154 (Name) or anyone working for him or her CANNOT guarantee
155 you that they will be able to refinance your home or arrange for you to
156 keep your home. Continue making mortgage payments until a
157 refinancing, if applicable, is approved.

158 If a transfer of the deed or title to your property is involved in any
159 way, you may rescind the transfer any time not later than three days
160 after the date you sign the deed or other document of sale or transfer.
161 See the attached Notice of Rescission form for an explanation of this
162 right. As part of any rescission, you must repay, within sixty days, any
163 money spent on your behalf as a result of this agreement, along with
164 interest calculated at the rate of eight per cent per year.

165 THIS IS AN IMPORTANT LEGAL CONTRACT AND COULD
166 RESULT IN THE LOSS OF YOUR HOME. CONTACT AN
167 ATTORNEY BEFORE SIGNING."

168 (b) The contract shall contain on the first page, in at least twelve-
169 point type size, the name and address of the foreclosure consultant to
170 which the notice of cancellation is to be mailed and the date the
171 homeowner signed the contract.

172 (c) (1) The contract shall be accompanied by a completed form in
173 duplicate, captioned "NOTICE OF RESCISSION". Such notice shall
174 be on a separate sheet of paper attached to the contract and be
175 detachable; and shall contain the following statement printed in at
176 least fifteen-point type:

177 "NOTICE OF RESCISSION

178 (Date of contract)

179 You may cancel or rescind this contract, without any penalty, at any
180 time.

181 If you want to end this contract, mail or deliver a signed and dated
182 copy of this Notice of Rescission, or any other written notice indicating
183 your intent to rescind to (name of foreclosure consultant) at
184 (address of foreclosure consultant, including facsimile and electronic
185 mail).

186 As part of any rescission, you (the homeowner) must repay any
187 money spent on your behalf as a result of this agreement, within sixty
188 days, along with interest calculated at the rate of eight per cent per
189 year.

190 THIS IS AN IMPORTANT LEGAL CONTRACT AND COULD
191 RESULT IN THE LOSS OF YOUR HOME. CONTACT AN
192 ATTORNEY BEFORE SIGNING.

193 NOTICE OF RESCISSION

194 TO: (name of foreclosure consultant)

195 (address of foreclosure consultant, including facsimile and
196 electronic mail)

197 I hereby rescind this contract.

198 (Date)

199 (Homeowner's signature)".

200 (d) The foreclosure consultant shall provide the homeowner with a
201 signed and dated copy of the contract and the attached Notice of
202 Rescission immediately upon execution of the contract.

203 (e) The time during which the homeowner may rescind the contract
204 shall not begin to run until the foreclosure consultant has complied
205 with the provisions of this section.

206 (f) Any provision in a foreclosure consulting contract that attempts
207 or purports to waive any of the rights specified in sections 2 to 8,
208 inclusive, of this act, consent to jurisdiction for litigation or choice of
209 law in a state other than this state, consent to venue in a county other
210 than the county in which the property is located or impose any costs or
211 filing fees greater than the fees required to file an action in a circuit
212 court, is void.

213 Sec. 4. (NEW) (*Effective October 1, 2007*) No foreclosure consultant
214 may: (1) Claim, demand, charge, collect or receive any compensation
215 until after the foreclosure consultant has fully performed each and
216 every service the foreclosure consultant contracted to perform or
217 represented that the foreclosure consultant would perform; (2) claim,
218 demand, charge, collect or receive any interest or any other
219 compensation for any loan that the foreclosure consultant makes to the
220 homeowner that exceeds eight per cent per year; (3) take any wage
221 assignment, any lien of any type on real or personal property or other
222 security to secure the payment of compensation; (4) receive any
223 consideration from any third party in connection with foreclosure
224 consulting services provided to a homeowner unless the consideration
225 is first fully disclosed, in writing, to the homeowner; (5) acquire any
226 interest, directly or indirectly, or by means of a subsidiary, affiliate or
227 corporation in which the foreclosure consultant or a member of the
228 foreclosure consultant's immediate family is a primary stockholder, in
229 a residence in foreclosure from a homeowner with whom the
230 foreclosure consultant has contracted; (6) take any power of attorney
231 from a homeowner for any purpose, except to inspect documents as
232 provided by law; or (7) induce or attempt to induce any homeowner to
233 enter into a foreclosure consulting contract that does not comply in all
234 respects with this subtitle.

235 Sec. 5. (NEW) (*Effective October 1, 2007*) (a) If a foreclosure

236 reconveyance is included in a foreclosure consulting contract or
237 arranged after the execution of a foreclosure consulting contract, the
238 foreclosure purchaser shall provide the homeowner with a document
239 entitled "NOTICE OF TRANSFER OF DEED OR TITLE". Such
240 document shall be dated and personally signed by the homeowner and
241 the foreclosure purchaser and witnessed and acknowledged by a
242 notary public appointed and commissioned by the state.

243 (b) The document required under subsection (a) of this section shall:
244 (1) Contain the entire agreement of the parties; (2) be printed in
245 twelve-point type and written in the same language that is used by the
246 homeowner and was used in discussions to describe the foreclosure
247 consultant's or foreclosure purchaser's services or to negotiate the
248 transfer or sale of the property; (3) describe in detail the terms of any
249 foreclosure conveyance and shall include (A) the name, business
250 address, telephone number and facsimile number of the person to
251 whom the deed or title will be transferred; (B) the address of the
252 residence in foreclosure; (C) the total consideration to be given by the
253 foreclosure purchaser, the foreclosure consultant and any other party
254 as a result of the transfer; (D) the time at which title is to be transferred
255 to the foreclosure purchaser and the terms of any conveyance; (E) any
256 financial or legal obligations that the homeowner may remain subject
257 to, including a description of any mortgages, liens or other obligations
258 that will remain in place; (F) a description of any services of any nature
259 that the foreclosure purchaser will perform for the homeowner before
260 or after the sale or transfer; (G) a complete description of the terms of
261 any related agreement designed to allow the homeowner to remain in
262 the home, including the terms of any rental agreement, repurchase
263 agreement, contract for deed, land installment contract or option to
264 buy and any provisions for eviction or removal of the homeowner in
265 the case of late payment; and (H) the process for calculation of any
266 repurchase price or fee associated with any transfer of title or deed
267 back to the homeowner; and (4) contain the following statement
268 printed in at least fourteen-point boldface type and located in
269 immediate proximity to the space reserved for the homeowner's

270 signature:

271 "If you change your mind about transferring ownership of your
272 property, you, the homeowner, may rescind the transfer of the deed or
273 title to your property any time within the next three days. As part of
274 any rescission, you must repay, within sixty days, any money spent on
275 your behalf as a result of this agreement, along with interest calculated
276 at the rate of eight per cent per year.

277 THIS IS AN IMPORTANT LEGAL CONTRACT AND COULD
278 RESULT IN THE LOSS OF YOUR HOME. CONTACT AN
279 ATTORNEY BEFORE SIGNING."

280 (c) (1) If a foreclosure reconveyance is included in a foreclosure
281 consulting contract or arranged after the execution of a foreclosure
282 consulting contract, the foreclosure purchaser shall provide the
283 homeowner with a document entitled "NOTICE OF RIGHT TO
284 CANCEL TRANSFER OF DEED OR TITLE".

285 (2) The document required under subdivision (1) of subsection (a) of
286 this section shall be a separate document and not printed on the back
287 of any other document and contain the following statement printed in
288 at least twelve-point type:

289 "NOTICE OF RIGHT TO CANCEL TRANSFER OF DEED OR TITLE

290 (Date)

291 You may cancel or rescind the transfer of ownership of your
292 property through the transfer of a deed or title not later than three
293 business days after the date you sign this document.

294 To rescind this transaction, mail or deliver a signed and dated copy
295 of this notice, or any other written notice expressing a similar intent to
296 (name of foreclosure consultant) at (address of foreclosure consultant,
297 including facsimile and electronic mail).

298 As part of any rescission, you (the homeowner) must repay any
299 money spent on your behalf as a result of this agreement, within sixty
300 days, along with interest calculated at the rate of eight per cent per
301 year.

302 THIS IS AN IMPORTANT LEGAL CONTRACT AND COULD
303 RESULT IN THE LOSS OF YOUR HOME. CONTACT AN
304 ATTORNEY BEFORE SIGNING.

305 NOTICE OF RESCISSION

306 TO: (name of foreclosure consultant)

307 (address of foreclosure consultant, including facsimile and
308 electronic mail)

309 I hereby rescind the transfer of deed or title to my property. Please
310 return all executed documents to me.

311 (Date)

312 (Homeowner's signature)".

313 (d) The foreclosure purchaser shall provide the homeowner with a
314 copy of the Notice of Right to Cancel Transfer of Deed or Title
315 immediately on execution of any document that includes a foreclosure
316 reconveyance.

317 (e) The time during which the homeowner may rescind the contract
318 or transfer shall not begin to run until the foreclosure purchaser has
319 complied with the provisions of this section.

320 (f) Any provision in a foreclosure consulting contract or other
321 agreement concerning a foreclosure reconveyance that attempts or
322 purports to waive the homeowner's rights under this section, consent
323 to jurisdiction for litigation or choice of law in a state other than this
324 state, consent to venue in a county other than the county in which the
325 property is located or impose any costs or filing fees greater than the

326 fees required to file an action in a circuit court, is void.

327 (g) A foreclosure reconveyance may not be carried out using a
328 power of attorney from the homeowner.

329 (h) A notice of rescission is not required to be in the particular form
330 specified in this section or any form contained in any agreement with
331 the foreclosure consultant or foreclosure purchaser and is effective,
332 however expressed, if such notice indicates the intention of the
333 homeowner to rescind the reconveyance agreement.

334 (i) The right to rescind may not be conditioned on the repayment of
335 any funds.

336 (j) Not later than ten days after receipt of a notice of rescission given
337 in accordance with this section, the foreclosure purchaser shall return,
338 without condition, any original deed, title, contract and any other
339 document signed by the homeowner.

340 (k) During the rescission period, no deed or other document
341 affecting title to the residence of the homeowner may be recorded.

342 Sec. 6. (NEW) (*Effective October 1, 2007*) (a) As used in this section:

343 (1) "Primary housing expenses" means the total amount required to
344 pay regular principal, interest, rent, utilities, hazard insurance, real
345 estate taxes and association dues on a property.

346 (2) "Resale" means a bona fide market sale of property subject to a
347 foreclosure reconveyance by the foreclosure purchaser to an
348 unaffiliated third party.

349 (3) "Resale price" means the gross sale price of a property on resale.

350 (4) "Settlement" means an in-person, face-to-face meeting with the
351 homeowner to complete final documents incident to the sale or
352 transfer of real property, or the creation of a mortgage or equitable
353 interest in real property, conducted by a settlement agent who is not

354 employed by or an affiliate of the foreclosure purchaser, during which
355 the homeowner must be presented with a completed copy of the HUD
356 1 Settlement Form.

357 (b) No foreclosure purchaser may:

358 (1) Enter into, or attempt to enter into, a foreclosure reconveyance
359 with a homeowner unless: (A) The foreclosure purchaser verifies and
360 can demonstrate that the homeowner has or will have a reasonable
361 ability to pay for the subsequent reconveyance of the property back to
362 the homeowner on completion of the terms of a foreclosure
363 conveyance, or, if the foreclosure conveyance provides for a lease with
364 an option to repurchase the property, the homeowner has or will have
365 a reasonable ability to make the lease payments and repurchase the
366 property within the term of the option to repurchase; (B) the
367 foreclosure purchaser and the homeowner complete a formal
368 settlement before any transfer of an interest in the property is effected;
369 and (C) the foreclosure purchaser complies with the requirements of
370 the federal Home Ownership Equity Protection Act, 15 USC 1639, and
371 its implementing regulations for any foreclosure reconveyance in
372 which the homeowner obtains a vendee interest in a contract for deed;

373 (2) Fail to: (A) Ensure that title to the property has been reconveyed
374 to the homeowner in a timely manner if this subtitle or the terms of a
375 foreclosure reconveyance agreement require a reconveyance; or (B)
376 make payment to the homeowner not later than ninety days after any
377 resale of the property so that the homeowner receives cash payments
378 or consideration in an amount equal to at least eighty-two per cent of
379 the net proceeds from any resale of the property should a property
380 subject to a foreclosure reconveyance be sold not later than eighteen
381 months after entering into a foreclosure reconveyance agreement;

382 (3) Enter into repurchase or lease terms as part of the foreclosure
383 conveyance that are unfair or commercially unreasonable or engage in
384 any other unfair conduct;

385 (4) Represent, directly or indirectly, that the foreclosure purchaser
386 (A) is acting as an advisor or a consultant or in any other manner
387 represent that the foreclosure purchaser is acting on behalf of the
388 homeowner; (B) has certification or licensure that the foreclosure
389 purchaser does not have; (C) is assisting the homeowner to "save the
390 house" or use a substantially similar phrase; or (D) is assisting the
391 homeowner in preventing a foreclosure if the result of the transaction
392 is that the homeowner will not complete a redemption of the property;

393 (5) Make any other statements, directly or by implication, or engage
394 in any other conduct that is false, deceptive or misleading, or that has
395 the likelihood to cause confusion or misunderstanding, including
396 statements regarding the value of the residence in foreclosure, the
397 amount of proceeds the homeowner will receive after a foreclosure
398 sale, any contract term or the homeowner's rights or obligations
399 incident to or arising out of the foreclosure reconveyance; or

400 (6) Until the homeowner's right to rescind or cancel the transaction
401 has expired: (A) Record any document, including an instrument of
402 conveyance, signed by the homeowner; or (B) transfer or encumber or
403 purport to transfer or encumber any interest in the residence in
404 foreclosure to any third party.

405 (c) For purposes of subdivision (1) of subsection (b) of this section,
406 there is a rebuttable presumption that: (1) A homeowner has a
407 reasonable ability to pay for a subsequent reconveyance of the
408 property if the homeowner's payments for primary housing expenses
409 and regular principal and interest payments on other personal debt, on
410 a monthly basis, do not exceed sixty per cent of the homeowner's
411 monthly gross income; and (2) the foreclosure purchaser has not
412 verified reasonable payment ability if the foreclosure purchaser has
413 not obtained documents other than a statement by the homeowner of
414 assets, liabilities and income.

415 (d) (1) The foreclosure purchaser shall make a detailed accounting
416 of the basis for the amount of a payment made to the homeowner of a

417 property resold not more than eighteen months after entering into a
418 foreclosure reconveyance agreement, in accordance with subparagraph
419 (B) of subdivision (2) of subsection (b) of this section.

420 (2) The accounting shall be on a form prescribed by the Attorney
421 General, in consultation with the Banking Commissioner, and shall
422 include detailed documentation of expenses and other consideration
423 paid by the foreclosure purchaser and deducted from the resale price.

424 (e) A bona fide purchaser for value or bona fide lender for value
425 who enters into a transaction with a homeowner or a foreclosure
426 purchaser when a foreclosure consulting contract is in effect or during
427 the period when a foreclosure reconveyance may be rescinded,
428 without notice of those facts, receives good title to the property, free
429 and clear of the right of the parties to the foreclosure consulting
430 contract or the right of the homeowner to rescind the foreclosure
431 reconveyance.

432 (f) The provisions of this section shall not be construed to impose
433 any duty on a purchaser, title insurer or title insurance producer with
434 respect to the application of the proceeds of a sale of property by a
435 foreclosure purchaser.

436 Sec. 7. (NEW) (*Effective October 1, 2007*) (a) Each foreclosure surplus
437 acquisition shall be in the form of a written contract.

438 (b) Each foreclosure surplus acquisition contract shall (1) contain the
439 entire agreement of the parties; (2) be printed in at least twelve-point
440 type, in the same language that is used by the homeowner and was
441 used by the foreclosure surplus purchaser and the homeowner to
442 negotiate the sale of the residence in foreclosure; (3) be fully
443 completed, dated and personally signed by the homeowner and the
444 foreclosure surplus purchaser before the statement of account has been
445 referred to the auditor; and (4) include the following: (A) The name,
446 business address and telephone number of the foreclosure surplus
447 purchaser; (B) the address of the residence in foreclosure; (C) the total

448 consideration to be given by the foreclosure surplus purchaser in
449 connection with or incident to the transaction; (D) a complete
450 description of the terms of payment or other consideration, including
451 any services of any nature that the foreclosure surplus purchaser
452 represents the foreclosure surplus purchaser will perform for the
453 homeowner before or after the sale; and (E) the following notice, which
454 shall be printed in at least fourteen-point boldface type, completed
455 with the name of the foreclosure surplus purchaser located in
456 immediate proximity to the space reserved for the homeowner's
457 signature:

458 "NOTICE REQUIRED BY CONNECTICUT LAW

459 If you have any questions about this document, seek legal counsel
460 before signing. This is an important legal contract. Failure to read and
461 understand these documents may cause you to lose valuable rights.

462 The effect of these documents is that you may lose the equity in
463 your home. This agreement will not stop the foreclosure or get your
464 house back. If you believe the foreclosure sale was improper, you
465 should immediately seek legal advice to determine what objections to
466 ratification or to rescind the order of ratification may be filed.

467 You may rescind this contract for the sale of your house without any
468 penalty or obligation at any time not later than ten days after the
469 auditor states the account of the foreclosure sale. See the attached
470 Notice of Rescission form for an explanation of this right. As part of
471 the rescission, you must repay from the surplus proceeds any
472 consideration received, directly or indirectly, together with an amount
473 for interest calculated at the rate of eight per cent per year."

474 (c) (1) The contract shall be accompanied by a completed form in
475 duplicate, captioned "Notice of Rescission".

476 (2) The Notice of Rescission shall:

477 (A) Be on a separate sheet of paper attached to the contract;

478 (B) Be easily detachable; and

479 (C) Contain the following statement printed in at least fifteen-point
480 type:

481 "NOTICE OF RESCISSION

482 (Date of contract)

483 You may rescind this contract for the sale of your house at any time
484 not later than ten days after the auditor states the account of the
485 foreclosure sale.

486 To cancel this transaction, mail or deliver a signed and dated copy
487 of this Notice of Rescission to (name of purchaser) at (address of
488 purchaser, including facsimile and electronic mail) with a copy to the
489 court appointed auditor.

490 I hereby rescind this transaction.

491 (Date)

492 (Homeowner's signature)".

493 (d) The foreclosure surplus purchaser shall provide the homeowner
494 with a copy of the contract and the attached Notice of Rescission at the
495 time the contract is executed by all parties.

496 (e) The contract required pursuant to this section survives delivery
497 of any instrument of conveyance of the residence in foreclosure, is
498 binding in the audit and has no effect on persons other than the parties
499 to the contract.

500 (f) Any provision in a contract that attempts or purports to waive
501 any of the rights specified in sections 3 to 8, inclusive, of this act,
502 consent to jurisdiction or choice of law in a state other than this state,
503 consent to venue in a municipality other than the municipality in
504 which the property is located or impose any costs or filing fees greater

505 than the fees required to file an action in a circuit court, is void.

506 Sec. 8. (NEW) (*Effective October 1, 2007*) (a) In addition to any other
507 right of rescission, a homeowner has the right to rescind any contract
508 with a foreclosure surplus purchaser at any time not later than ten
509 days after the statement of audit account of the foreclosure sale.

510 (b) (1) Rescission occurs when the homeowner delivers, by any
511 means, written notice of rescission to the address specified in the
512 contract, with a copy to the auditor. As part of the rescission, the
513 homeowner shall repay any consideration received directly or
514 indirectly, together with interest calculated.

515 (2) On receipt of the notice of rescission, the auditor shall restate the
516 account. The repayment of consideration and interest by the
517 homeowner shall be incorporated by the auditor into the revised
518 statement of account filed with the court.

519 (3) Upon ratification of the amended audit, the attorney named in
520 the mortgage, mortgage assignee for purposes of foreclosure, trustee or
521 substitute trustee in making distribution of the surplus funds shall
522 comply with the revised court-approved audit.

523 (c) A notice of rescission given by a homeowner need not be in the
524 form provided with the contract and is effective, however expressed, if
525 it indicates the intention of the homeowner to rescind the contract.

526 (d) The right to rescind may not be conditioned on the repayment of
527 any funds.

528 (e) Not later than ten days after receipt of a notice of rescission
529 given in accordance with this section, the foreclosure surplus
530 purchaser shall return, without condition, the original contract and all
531 other documents signed by the homeowner.

532 Sec. 9. (NEW) (*Effective October 1, 2007*) (a) The Attorney General
533 may seek an injunction to prohibit a person who has engaged or is

534 engaging in a violation of the provisions of sections 2 to 8, inclusive, of
 535 this act from engaging or continuing to engage in the violation.

536 (b) The court may enter any order or judgment necessary to:

537 (1) Prevent the use by a person of any prohibited practice;

538 (2) Restore to a person any money or real or personal property
 539 acquired from the person by means of any prohibited practice; or

540 (3) Appoint a receiver in case of wilful violation of the provisions of
 541 sections 2 to 8, inclusive, of this act.

542 (c) In any action brought by the Attorney General under this section,
 543 the Attorney General may recover the costs of the action on behalf of
 544 the state.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>October 1, 2007</i>	New section
Sec. 2	<i>October 1, 2007</i>	New section
Sec. 3	<i>October 1, 2007</i>	New section
Sec. 4	<i>October 1, 2007</i>	New section
Sec. 5	<i>October 1, 2007</i>	New section
Sec. 6	<i>October 1, 2007</i>	New section
Sec. 7	<i>October 1, 2007</i>	New section
Sec. 8	<i>October 1, 2007</i>	New section
Sec. 9	<i>October 1, 2007</i>	New section

HSG

Joint Favorable C/R

PD